

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Chong H. Kim

MUR 4909

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that Chong H. Kim ("Respondent") knowingly and willfully violated 2 U.S.C. § 441a(a).

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. At all times relevant hereto, Respondent was the principal of K&L International, Inc. ("K&L") and of Chong Kim & Associates ("CK&A"), both of which were California corporations.

2. At all times relevant hereto, Robert S. Lee ("Lee"), a real estate developer, was an advisor and consultant to K&L.

3. At all times relevant hereto, Il Sung Construction Co., Ltd. ("Il Sung Construction") was a Korean company.

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4. At all times relevant hereto, Larry Wallace ("Wallace"), an Arkansas attorney, was an acquaintance of Lee and was also affiliated with the Democratic National Committee ("DNC").

5. In approximately 1995, Respondent and Lee started working together to develop a shopping center in Inglewood, California. Respondent created K&L to handle this development project. H Sung Construction was to be the contractor on this project.

6. The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits the solicitation, making, and receipt of any campaign contribution from foreign nationals. 2 U.S.C. § 441e(a). These prohibitions apply to all federal, state and local elections, including contributions to the non-federal accounts of national party committees. 11 C.F.R. § 110.4(a)(1).

7. The Act defines "foreign national" to include foreign principals, as defined in 22 U.S.C. § 611(b). The term "foreign principal" includes, *inter alia*, a partnership, association, corporation, organization, or other combination of persons organized under the laws of or having its principal place of business in a foreign country. 22 U.S.C. § 611(b).

8. In early 1996, Lee told Respondent that he had several contacts in Washington who could help Respondent discover new business opportunities. Subsequently, Lee told Respondent that he should make a contribution to the DNC of \$150,000 in order to assist Respondent in gaining new business opportunities.

9. Respondent agreed to make the donation because he believed that doing so would help H Sung Construction obtain overseas (i.e., non-Korean) construction projects. Respondent was aware, however, that he did not have the funds to donate \$150,000.

10. Lee then contacted Wallace, who was acquainted with DNC Finance Director Richard Sullivan. Respondent, Wallace and Lee ultimately agreed on a figure of \$150,000.

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11. Respondent, Lee and Wallace met in Washington, DC several weeks before the National Presidential Gala, a DNC fundraiser held on May 8, 1996. Wallace told Respondent and Lee that, in order to be legal, the contribution had to be made with funds from a U.S. corporation.

12. In or about May 3, 1996, Il Sung Construction wired \$200,000 to CK&A, which at that time had less than \$100,000 in its account. On May 6, 1996, Respondent had the funds deposited into the account of CK&A.

13. Also on May 6, 1996, Respondent had a \$150,000 check written on CK&A's account to Sumitomo Bank to pay for a \$150,000 cashier's check to the DNC.

14. Respondent, along with Lee and two foreign nationals who were Il Sung Construction executives, attended a DNC fundraiser on May 8, 1996 at the Washington Convention Center.

15. After the fundraiser, Lee gave the \$150,000 cashier's check to DNC officials. However, because Respondent wanted the contribution to come from the account of K&L instead of CK&A, he gave Lee instructions to tell the DNC not to deposit the check.

16. On May 11, 1996 Respondent wrote a \$150,000 check to the DNC on the account of K&L. The DNC, upon receiving the K&L check, returned the \$150,000 cashier's check to Lee, who returned it to Respondent.

17. After the DNC deposited the K&L check, it was returned for insufficient funds. Lee so informed Respondent. Respondent, using the funds from the cashier's check returned by the DNC, purchased a \$150,000 cashier's check on behalf of CK&A made out to K&L and deposited that check into K&L's account.

18. Respondent knew that the funds for this contribution check did not derive from CK&A, a domestic corporation. Rather, on May 6, 1996, Respondent derived the funds for the \$150,000 from Il

1 Sung Construction, a foreign national corporation, although he knew that it is illegal to make political  
2 contributions with foreign national funds.

3 19. Respondent acknowledges taking the actions described above, although he  
4 maintains that he did not knowingly and willfully violate the law. However, for the purpose of  
5 settling this matter, Respondent believes that it is fair and reasonable to accept the proffered  
6 settlement and end these discussions.

7 V. Respondent knowingly and willfully violated 2 U.S.C. § 441e(a) by soliciting, accepting  
8 and receiving a \$150,000 contribution which was derived from a foreign corporation.

9 VI. Respondent will pay a civil penalty to the Federal Election Commission in the  
10 amount of Fifteen Thousand Dollars (\$15,000), pursuant to 2 U.S.C. § 437g(a)(5)(A)

11 VII. The Commission would ordinarily seek a civil penalty equal to 200% of the  
12 amount in violation for a knowing and willful violation for this type of activity, for a total of  
13 \$300,000, but the Commission has agreed to accept a \$15,000 civil penalty in settlement of this  
14 matter for the following reasons:

15 1. Respondent suffers from serious health problems which have curtailed his ability  
16 to work.

17 2. As a representation material to the Commission's agreement to substantially  
18 reduce the level of civil penalty that the Commission would ordinarily accept for this type of  
19 activity, by signing this agreement Respondent represents that he has no assets or  
20 income out of which he could pay a significant monetary penalty, and that he has undisputed  
21 debts of approximately \$128,000.

22 VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C.  
23 § 437g(z)(1) concerning the matters at issue herein or on its own motion, may review compliance

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Conciliation Agreement

with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence H. Norton  
General Counsel

BY: Rhonda Vosdingh 10/2/01  
~~Abigail A. Shene~~ Date  
Acting Associate General Counsel  
Rhonda Vosdingh, Acting Associate General Counsel

FOR THE RESPONDENT:

Chong H. Kim

Date 8-31-01

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